

**GOVERNMENT OF ANDHRA PRADESH  
ABSTRACT**

Cooperation – CCSs - Extension of the term of the existing Managing Committees of the Cooperative Credit Societies in the State for a period of six months – Orders – Issued.

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**AGRICULTURE AND COOPERATION (COOP.V) DEPARTMENT**

**G.O.Ms.No. 275**

**Dated:20-10-2010**

**Read the following:-**

1. From the Commissioner for Cooperation and Registrar of Cooperative Societies, A.P., Hyderabad, Lr. Rc. No. 6850/2010/PC-I (2), dated.15-06-2010.
2. G.O.Rt.No.4282, GA (Cabinet) Dept., dt. 27-8-2010.
3. The Andhra Pradesh Cooperative Societies (Amendment) Ordinance, 2010 (Ordinance, No.10 of 2010)..

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**ORDER:**

In Andhra Pradesh, elections to the Cooperative Credit Societies were held on 22<sup>nd</sup> / 26<sup>th</sup> the month of October, 2005 prior to signing of the Memorandum Of Understanding and implementation of the Revival Package for the Cooperative Credit Structure (CCS). Since the term of the elected bodies is for five years, the Registrar is under obligation to hold elections before the expiry of the term under sub-section (16) (a) of the Section 115-D of the Andhra Pradesh Cooperative Societies Act, 1964 to all the Cooperative Societies covered under Revival Package i.e., before the 22<sup>nd</sup> / 26<sup>th</sup> of October, 2010.

**2.** The State Government have reviewed the financial health of Cooperative Credit Structure and noticed as follows:-

- (1) Out of 2945 Primary Agricultural Cooperative Credit Societies (PACSSs), 1373 PACSSs had imbalances of Rs.913.76 Crores arising out of excess expenditure and accounting procedures followed in CCS at Primary and District Credit Cooperative (DCCB) levels.
- (2) Out of 2945 PACSSs, 2230 PACSSs had accumulated losses of Rs.1680 Crores
- (3) Out of 2945 Societies, only 604 (20.5%) complied with NABARD norms on staff expenditure i.e., their expenditure on staff was below 30% of their net income
- (4) 1880 Societies had no net income at all, as such unable to pay salary for a single employee.
- (5) As per Vaidyanathan Package PACSSs were required to contribute towards losses on account of frauds etc., to the tune of Rs.179.93 Crores. But only Rs.20.88 Cr. mobilized so far.
- (6) 373 PACSSs were not found eligible for assistance under the Vaidyanathan Package and as per the terms of the MOU the state Government has to take a view either to liquidate these Societies or to merge with neighbouring PACSSs. This decision is yet to be taken by the Govt.

(7) More than 50% of the DCCBs are still having accumulated losses despite the assistance received by all the PACSs financed by them under the Revival Package and the huge recovery of bad debts under the Agricultural Debt Waiver Scheme – 2008.

3. Since the PACSs are still not generating enough surplus to pay salaries to their existing staff as per the minimum pay scales suggested by the Government vide G.O.Ms.No.151 A & C Department, dated 22.06.2009, the PACSs staff had gone on strike during the crucial period of Khariff lending and the Government had to intervene and give an assurance that their salary related issues will be examined at Government level, though the MOU signed by the State Govt. precludes the state from making such interventions in the internal functioning of the Cooperative Credit Societies.

4. Further, the Revival Package for Cooperative Credit Structure is not yet fully implemented. So far only PACSs have received the assistance by 31<sup>st</sup> of March, 2010 and the DCCBs and APCOB are yet to receive the assistance under the package. Moreover a number of steps are yet to be taken to complete the reforms as envisaged in the Revival Package.

5. The Government in the G.O. second read above have constituted a Cabinet Sub-Committee with the following terms of reference, inter-alia :-

*(i) To review the implementation of Prof. Vaidyanathan Revival Package since signing of MoU and to examine the financial health of Cooperative Credit Structure and other related problems and to suggest road map for making the Cooperative Credit Structure more efficient, self sustaining and Farmer friendly.*

*(ii) To examine the problems of ineligible PACSs and the PACSs, unable to bring in their share of contribution as per Special Audit conducted under Prof. Vaidyanathan Revival Package and to suggest measures to overcome the problems.*

6. The Cabinet Sub-Committee commenced its work and the consultation process may require some more time. Therefore, the Government are of the view that it will not be appropriate to hold elections at this stage as the existing Cooperative Credit Structure is to be reviewed by the Cabinet Sub-Committee and it will be difficult to consider and implement the structural changes in the CCS after the elections.

7. In the circumstances stated above, the Government after careful examination of the entire matter and in exercise of the powers conferred under the proviso to clause (a) of sub-Section 16 of section 115-D of the Andhra Pradesh Cooperative Societies Act, 1964, as amended by the Andhra Pradesh Cooperative Societies (Amendment) Ordinance, 2010 (Andhra Pradesh Ordinance No.10 of 2010), hereby direct the Registrar of Cooperative Societies to extend the term of the existing Managing Committees of the Cooperative Credit Societies, for a period of six months or till the elections are conducted whichever is earlier after the expiry of the normal term of such committees.

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8. The Commissioner for Cooperation and Registrar of Cooperative Societies, A.P., Hyderabad, is requested to take necessary action in the mater accordingly.

**(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)**

**K.R.KISHORE  
PRINCIPAL SECRETARY TO GOVERNMENT**

**To  
The Commissioner for Cooperation and  
Registrar of Cooperative Societies,  
A.P., Hyderabad.**

**Copy to:  
The Prl.Secretary to Chief Minister,  
A.P.Hyderabad.  
The Managing Director,  
APCOB,  
Hyderabad.  
The Chief General Manager  
Regional Office,  
NARABAD,  
Hyderabad.  
The P.S to Minister (Coop.L.E.F & B)  
The P.S to A.P.C & Special Chief Secretary  
Agriculture & Cooperation Department  
The P.S to Special Chief Secretary (Agri)  
Agriculture & Cooperation Department  
The P.S to Prl.Secretay (AM &Coop)  
SF/SC.**

**// FORWARDED BY ORDER//**

**SECTION OFFICER**